

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

AGSPRING, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 23-10699-CTG

Jointly Administered

**DECLARATION OF KYLE STURGEON IN SUPPORT OF DEBTORS'
MOTION FOR ENTRY OF AN ORDER (A) AUTHORIZING THE
MAINTENANCE AND CLOSURE OF CERTAIN BANK ACCOUNTS AND
CONTINUED USE OF EXISTING CHECKS, (B) AUTHORIZING THE
CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM, AND
(C) GRANTING LIMITED RELIEF FROM THE REQUIREMENTS OF
BANKRUPTCY CODE SECTION 345(B)**

I, Kyle Sturgeon, pursuant to 28 U.S.C. § 1746, hereby declares under penalty of perjury that the following is true and correct:

1. I am a Managing Partner of MERU, LLC, a turnaround firm I co-founded in 2017.
2. I have been retained as Chief Restructuring Officer ("CRO") of Agspring LLC, Agspring Idaho 1 LLC; Agspring Idaho LLC; FO-ND LLC, dba Firebrand Artisan Mills; Agspring Logistics LLC, dba Agforce and Agspring Idaho 2 LLC. I previously acted as CRO of their affiliated entities known as the Big River Entities, comprised of Agspring Mississippi Region, LLC ("AMR"), Agspring MS 1, LLC ("Agspring MS 1"), Agspring MS, LLC ("Agspring MS"), Lake Providence Grain and Rice LLC ("LPGR"), and Bayou Grain & Chemical Corporation ("BGCC") (collectively the "Big River Entities").²

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Agspring, LLC (7735); Agspring Idaho 1 LLC (1720); Agspring Idaho LLC (8754); FO-ND LLC, dba Firebrand Artisan Mills (1520); Agspring Logistics LLC, dba Agforce (6067); and Agspring Idaho 2 LLC (9262). The Debtors' mailing address is 5101 College Boulevard, Leawood, KS 66211.

² The Big River Entities filed jointly administered chapter 11 cases in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") on September 10, 2021, under Case No. 21-11238 (CTG) (the "Big River Chapter 11 Cases"). At the request of the Big River Entities, after successful resolution of all material disputes affecting their estates, the Bankruptcy Court entered the Order Dismissing Chapter 11 Cases on August 16, 2022. [D.I. 483] (the "Dismissal Order"). None of the Big River Entities are debtors in these Cases.

3. I submit this declaration (the “Declaration”) in support of the concurrently filed *Debtors’ Motion for Entry of an Order (a) Authorizing the Maintenance and Closure of Certain Bank Accounts and Continued Use of Existing Checks, (b) Authorizing the Continued Use of Existing Cash Management System, and (c) Granting Limited Relief from the Requirements of Bankruptcy Code Section 345(b)* (the “Motion”).

4. Prior to the commencement of the Chapter 11 Cases,³ and in the ordinary course of their business, the Debtors maintained five (5) bank accounts (the “Bank Accounts”) at Bank of America (“BofA”) to manage the funds it holds to operate their business. The Bank Accounts are part of a carefully constructed cash management system (the “Cash Management System”) that ensures the Debtors’ ability to efficiently monitor and control their cash position and disburse funds to satisfy their obligations.

5. The current signers on the Bank Accounts are Bruce Chapin, Sam Hawkins, and Paul Highstrom, who were previously employed to provide services to the Agspring Companies, and who are now working as independent contractors. A description of the function of each of the Debtors’ Bank Accounts held at BofA is as follows:

- a. Agspring LLC (Account No. ending 7162): This Bank Account was used by the Debtors, as their primary operating account, to pay expenses in the ordinary course of business. The total amount of cash currently in this Bank Account is approximately \$110,000.
- b. Agspring LLC (Account No. ending 2879): This Bank Account is not an integral part of the Debtors’ day-to-day Cash Management System. While the Debtors were operating, they provided a cash collateral bond secured by the amounts in this Bank Account. The bond was terminated in December 2021. The total amount of cash currently in this Bank Account is approximately \$100,000.
- c. Agspring Idaho 1 LLC (Account No. ending 2572): This Bank Account was an operating account that was used to pay expenses in the ordinary course of business for three operating units of the Debtors, Agforce, Thresher and

³ Capitalized terms not otherwise defined herein shall have the meaning afforded in the Motion.

Firebird. These operating units were sold in late 2021. The total amount of cash currently in this Bank Account is approximately \$268,000.

- d. Agspring Idaho 1 LLC (Account No. ending 0357): This Bank Account is not an integral part of the Debtors' day-to-day Cash Management System. Instead, this Bank Account was utilized to secure the Debtors' obligations for corporate credit cards used for travel. The credit cards were cancelled in late 2021, and the cash collateral was released in 2022. The majority of the funds in this Bank Account were since moved to the Agspring Idaho LLC Operating Account. The total amount of cash currently in this Bank Account is approximately \$0.72.
- e. Agspring Idaho LLC (Account No. ending 7482): This Bank Account was used by Agspring Idaho LLC as an operating account used to pay expenses in the ordinary course of business. The total amount of cash in this Bank Account as of the Petition Date is approximately \$37,000.

6. The Debtors perform a reconciliation of all of the deposits and debits in the Cash Management System which were historically reviewed daily and reconciled monthly. The Debtors also make book entries as necessary for each transfer between their accounts.

7. In the ordinary course of business, the Debtors use checks with the Debtors' name printed thereon. As of the Petition Date, the Debtors had a large stock of checks that it used in the ordinary course of business. Reprinting their checks to indicate that the Debtors are each a "Debtor-In-Possession" would impose an unnecessary burden and expense on the Debtors.

8. All of the Debtors' Bank Accounts are maintained for operational and not investment purposes. At times, the individual balance in the Bank Accounts may exceed the current limits of governmental insurance.

9. I believe that the Bank Accounts and related Cash Management System mechanisms are well-suited to the Debtors' needs. I also believe that the requested relief in the Motion, including use of the existing Cash Management System will streamline the processing of payments and eliminate costs. To require the Debtors to close the Bank Accounts and reestablish new accounts would not result in greater administrative controls and would require considerable time and expense to the Debtors' estates. Moreover, permitting the Debtors to continue using their

existing Bank Accounts is essential to a smooth and orderly transition of the Debtors into chapter 11 and to avoid any disruption that could result if checks written but not negotiated or cashed prior to the Petition Date were dishonored.

10. The Cash Management System is a practical mechanism that allows the Debtors to transfer their funds for the payment of their obligations that decreases the burdens on the Debtors, and that provides several important benefits, including the ability to: (a) control and monitor corporate funds; (b) ensure cash availability; and (c) reduce administrative expenses by facilitating the movement of funds and the development of timely and accurate balance and presentment information.

11. Also, maintaining the Main Account at BofA will enable the continued use of the existing Cash Management System and will avoid the need for opening yet another bank account, obtaining new checks and attendant costs and delay. I believe that tax obligations, if any, can be paid most efficiently out of the Main Account and the United States Trustee can adequately monitor the flow of funds into and out of the Main Account. The creation of new debtor-in-possession accounts designated solely for tax obligations would be unnecessary, costly and inefficient.

Dated: July 28, 2023

/s/ Kyle Sturgeon
Kyle Sturgeon